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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 002194

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E.O. 12958: DECL: 06/26/2031

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SUBJECT: THE LEGISLATURE PREPARES TO VOTE ON RECALLING
PRESIDENT CHEN

Classified By: AIT Acting Deputy Director Charles E. Bennett,
Reasons: 1.4 (b/d)

¶1. (C) Summary: The Taiwan legislature's vote tomorrow on a Pan-Blue opposition motion to recall President Chen Shui-bian is expected to fail by more than twenty votes. The Pan-Blue is trying to recall Chen over allegations of corruption against several persons close to him, while ruling party supporters argue that the recall motion is a Pan-Blue effort to undermine Chen and the DPP. The anticipated failure of the recall motion has divided the two Pan-Blue parties over what, if anything, to do next against President Chen. Although PFP Chairman James Soong has called for a vote of no confidence against the popular Premier Su Tseng-chang and possibly more rallies, the KMT, the dominant Pan-Blue party, seems to favor a cooling off period at least until the fall. End Summary.

¶2. (C) On Tuesday June 27 the Legislative Yuan (LY) will take a historic and contentious vote on the Pan-Blue opposition's motion to recall President Chen. The motion, which requires a two-thirds majority (148 of 221 votes) to pass, is expected to fail by 27 or more votes. Voting is expected to fall strictly along party lines, with the Kuomintang (KMT), People First Party (PFP), and Blue-leaning independents voting in favor of the recall motion, and legislators from the ruling Democratic Progressive Party (DPP) voting against the motion. The Pan-Green Taiwan Solidarity Union (TSU) plans to cast blank ballots to express its position of opposing the recall motion but not endorsing corruption. In itself, LY passage of the motion would not result in recall of the President, which also requires majority approval by a follow-on public referendum.

¶3. (C) The primary issue in the recall effort is the Pan-Blue corruption allegations against several persons close to President Chen, including some top advisors, his son-in-law Chao Chien-ming, and most damaging, his wife Wu Shu-chen. For many months several Pan-Blue legislators and the pro-Blue media have generated a near non-stop barrage of stories, with endless subplots, about scandals. This barrage has taken its toll, undermining support for Chen and the DPP. According to recent media public opinion polling, which is indicative though not totally reliable, Chen's approval rating is hovering around 20 percent. Though he should survive the recall effort, Chen has been weakened, which may be of greater concern to the party than to the President himself. This is Chen's second and final term, so unlike

others, he does not need to worry about facing another election.

¶4. (C) The most intense public attention has focused on still unfolding allegations concerning First Lady Wu Shu-chen. According to one series of allegations, Wu accepted large amounts of Sogo Department Store gift certificates from an executive who was involved in a battle for control of the store. According to these allegations, the certificates were given to Wu for using her influence in a takeover battle. There are also allegations that Wu may have sold some of the certificates. (Note: One contact suggested that the allegations against Wu may not involve illegal activities since she was not a public official. End Note.) Another case involves conflicting stories whether or not Wu met with a controversial political donor to receive campaign contributions in 1994 and 1998 when Chen was running for Taipei mayor. This case does not involve any legal issue but rather the credibility of Wu and Chen, who have denied that Wu met the donor at their official residence.

¶5. (C) Chen hopes the current storm will pass with time, and for now, he can count on his supporters and most importantly the DPP LY caucus to resist the opposition pressure to oust him. He could face new difficulties, however, if further damaging revelations about scandals emerge. Chen has argued that the recall motion is improper since none of the scandal allegations have been against him personally and the various allegations against others remain under investigation. He has been most sensitive to the allegations directed against his wife and he has been steadfast in defending her, including most recently in his June 20 "report to the people." In the court of public opinion, however, a number of Chen's responses to allegations appear to have been rather

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defensive or evasive.

¶6. (C) Our Pan-Green contacts insist that President Chen himself is clean but fault him for tolerating questionable behavior by those close to him. DPP Legislator Bikhim Hsiao stressed to AIT that Chen was interested in political power, not money, saying "he would not know the difference between a ten dollar and a ten thousand dollar watch." Examination Yuan President Yao Chia-wen told AIT that the DPP has spoiled Chen and Chen has spoiled Wu Shu-chen. Yao described Wu as "greedy" and not well balanced, which he ascribed to her physical and health problems.

¶7. (C) Kuomintang Chairman Ma Ying-jeou has tried to define the recall vote mainly as a contest between integrity and corruption. The DPP and its supporters, however, argue that the contest is a power struggle against the Green by the Blue, who are trying both to weaken the DPP and get rid of President Chen because they object to his policies. The Pan-Blue will face a choice after the recall vote fails. PFP Chairman James Soong, who has been leading the charge against Chen, wants to have a second special LY session this summer to call a no confidence vote against the popular DPP premier Su Tseng-chang and he has also said that he does not rule out "going to the streets." The KMT is unlikely to go along with either idea. According to media polling, the public does not support a no confidence vote against Premier Su, who is not the target of public ire.

¶8. (C) If a no confidence vote were to succeed, which requires just a simple majority in the LY, President Chen could either appoint a new premier or dissolve the LY and call a snap election. A number of KMT legislators have told the KMT leadership they oppose a no confidence vote because they do not want to face the difficulties posed by an early election in which the size of the LY will be cut in half. KMT legislators have also told party leaders that the aggressive approach advocated by Soong has been counter-productive, shifting the focus to Blue-Green confrontation and away from scandals. In their view, cooling

the temperature will allow the Pan-Blue to refocus attention on the scandals. In addition to such considerations, KMT Chairman Ma prefers a more moderate and considered approach to politics, and KMT leaders probably want to have a breathing space to consider their options before the LY reconvenes in September.

¶9. (C) Some leaders from both sides have tried to stir up the emotions of their supporters but with limited effect. Public enthusiasm for the recall movement has not reached the stage of a mass "people's power" movement, as James Soong may have hoped, and interest may now be beginning to wane. PFP Chairman James Soong held two weekend rallies near the Presidential Office that attracted noisy but relatively limited gatherings on the order of ten thousand persons. Recently, together with a small group ranging from a dozen to a couple of hundred supporters, he has been conducting a largely silent sit-in on the steps of a building housing legislators' offices. The KMT has held three rallies featuring Chairman Ma, one each in Changhua (central Taiwan), Kaohsiung, and Taipei. Soong, who was originally scheduled to speak at the final Taipei rally on June 26, left the scene in a huff after having to cool his heels waiting for a series of KMT leaders to finish their speeches. On Tuesday, both sides are promising to bring their supporters to the relatively narrow streets near the LY for the recall vote. Rival groups will be confined to different streets, and the police will work to keep the groups separated.

Comment

¶10. (C) There could be considerable noise both inside and outside the LY tomorrow as it votes on the recall motion. After the dust settles, the most likely scenario is that the political turmoil here will gradually return to more normal levels. The LY, which is the primary arena for political battles, will adjourn for the summer on Friday June 30. The Pan-Green will want to calm the situation, and the general public along with some KMT leaders and members will also prefer a calmer atmosphere. Soong and the more extreme LY members may not find a ready market at this stage for a more

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radical approach, including further street protests or another special LY session dedicated to a no confidence vote.

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